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No. 21

In the Supreme Court of the United States

OCTOBER TERM, 1960

ABO MANUFACTURING CO., INC., ET AL., PETITIONERS

v.

CONVERTIBLE TOP REPLACEMENT CO., INC.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIRST CIRCUIT

BRIEF FOR THE UNITED STATES AS AMICUS CURIAE

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STATEMENT

Respondent instituted this proceeding by a complaint which charged petitioners with infringement and contributory infringement of a patent on a top for convertible automobiles. The patent covers the combination, in an automobile body, of a flexible top fabric, supporting structures, and a mechanism for sealing the fabric against the side of the automobile body in order to keep rain out of the car's interior. Tops embodying this patent have been installed in various models of convertible automobiles. The components of the patented combination, other than the fabric, normally are usable for the lifetime of the car,

To sanction such control would be to permit the patentee "to derive its profits, not from the invention on which the law gives it a monopoly, but from the unpatented supplies" necessary to its use or operation by the licensee or purchaser. See 243 U.S. at 517; 283 U.S. at 34.

The basic standard applied in *Wilson* was restated by Judge Learned Hand in *United States* v. *Aluminum Co. of America*, 148 F. 2d 416, 425 (C.A. 2): "The [patent] monopolist cannot prevent those to whom he sells from * * * reconditioning articles worn by use, unless they in fact make a new article." In the present case, the courts below, instead of applying this plain and practical test, have focused attention on operative facts not properly determinative of the question of permissible repair *versus* forbidden reconstruction. Thus the court of appeals, in summing up the issues, declared that the fabric portion of the top "is not a minor or relatively inexpensive component" of the patented combination, or a part of the invention which would expectedly wear out after a very short period of use, although its "expectable life span" is shorter than that of the other components (R. 655). The court concluded that, for these reasons, "an owner would [not] rationally believe that * * * he was making only a minor repair" in replacing the worn-out fabric, and that, instead, this "would be counted a major reconstruction" (*ibid.*). Respondent has urged (Br. in Opp.

3-4, 10-11) as an additional relevant factor the "essentialness" of the top fabric to the invention, *i.e.*, that the fabric's particular shape was the advance in the art which brought the combination up to the inventive level. The rule of law for which respondent contends, stated in terms most favorable to it, is this: When an element of a patented machine or combination is relatively durable (even though not so durable as the entire patented machine which the owner bought), relatively expensive, relatively difficult to replace, and an "essential" or "distinguishing" part of the combination claimed, replacement of that element, when it becomes unusable, constitutes infringing "reconstruction" and a new license must accordingly be obtained and another royalty paid to the patentee for the privilege.

But if anything is settled in patent law, it is that the grant in a combination patent covers only the totality of the elements recited in the claim, and that no element, separately viewed, is within the grant. See *Mercoid* decisions, quoted *supra* at p. 6 and n. 6. The basic fallacy in respondent's position is that it rests on according one element of the patented combination a role, with respect to reconstruction, distinct from (and presumably higher than) the other elements. Yet this Court has made it clear in the two *Mercoid* cases that there is no "essential" element

or "gist" of the invention in a combination patent (320 U.S. at 667, 684):

> That result may not be obviated in the present case by calling the combustion stoker switch the "heart of the invention" or the "advance in the art." The patent is for a combination only. * * *
>
> * * * * *
>
> The fact that an unpatented part of a combination patent may distinguish the invention does not draw to it the privileges of a patent. That may be done only in the manner provided by law. However worthy it may be, however essential to the patent, an unpatented part of a combination patent is no more entitled to monopolistic protection than any other unpatented device. * * *

In a combination patent, therefore, all components are equally a part of the whole, and are equally "essential." Maintenance of the "use of the whole," through replacement of an inoperative element, does not constitute reconstruction because that element is termed "essential."[15] Nor, by the same token, can

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[15] This is the holding in *General Motors Corp.* v. *Preferred Elec. & Wire Co.*, 79 F. 2d 621, 623 (C.A. 2), involving the replacement of worn breaker arm and contact brackets deemed by the district court to be the "gist of the invention" involved. *F. W. Slocumb & Co.* v. *A.C. Layman Mach. Co.*, 227 Fed. 94, 97–98 (D. Del.), affirmed and adopted, 230 Fed. 1021 (C.A. 3), similarly denies that any single element of a combination is to be deemed the essential one. And in *Wilson*, this Court declared, "And it is no more than that [repair], though it shall be a replacement of an essential part of a combination." 9 How. at 123.

one element of a combination be raised to preeminence because its repair is costly or difficult, or because it is relatively durable. The proper test of reconstruction is, we believe, far more direct, and it looks to the combination as a whole rather than to its individual elements.

We submit that the decisions of this Court require the conclusion that reconstruction of a patented machine or combination comprised of unpatented elements is to be limited to true reconstruction of the machine, that is, "in fact make a new article" (*Alcoa; supra,* p. 12) after the machine, viewed as a whole, has been destroyed or has otherwise disintegrated. In order to call the monopoly conferred by the patent grant into play for a second time, there must indeed be a second creation of the patented *entity.* Mere replacement of individual unpatented parts one at a time, whether of the same part repeatedly or different parts successively, is no more than the lawful right of the owner to repair his property. Measured by this test, the replacement of the top fabric involved in this case must necessarily be characterized as "repair," and respondent must be denied the power to interfere with the dominion of the car owner over his property. The patent laws do not authorize and the policies of the general law do not permit such encroachment on the public domain.

but the fabric has a much shorter life; it suffers wear and tear, deteriorates in appearance, and is usually replaced after three or less years of use (R. 33–34, 655). The consequent replacement demand for fabric tops has given rise to a substantial industry, in which petitioner Aro Manufacturing Co. is perhaps the national leader (R. 34). Petitioners' business has included manufacture and sale of fabrics designed to fit the models of convertibles equipped with tops embodying the patented combination on which suit is brought (R. 33).

On appeal from a judgment holding that petitioners had infringed respondent's patent, the court of appeals stated that the "basic question" presented was whether petitioners' conduct constituted "making a permissible replacement of a part [the fabric] which expectedly became worn out or defective sooner than other parts of the patented combination" (R. 648–49), or whether such replacement constituted "a forbidden reconstruction of the combination" (R. 654). The court reached the latter conclusion and ruled that there had been patent infringement. It did so upon the ground that "the life of the fabric is not so short, nor is the fabric so cheap, that we can safely assume that an owner would rationally believe that in replacing it he was making only a minor repair to his top structure" (R. 655).

QUESTION PRESENTED

When a patented machine is sold by the patentee or his licensee, the purchaser is granted an implied license of free use. The patentee receives the lawful

reward for his patent monopoly from the profit opportunity afforded to him as sole maker and seller or from the royalties payable to him by those granted licenses to manufacture and sell. The question in this case which is of concern to the Government is the following: Whether the owner of a patent on a machine or combination comprised of unpatented elements is given the additional right to monopolize the sale of an element which has a substantially shorter life than the machine's other components and is accordingly replaced in ordinary course in order to preserve the continued utility of the device purchased. In the specific case here, does the car owner infringe (and the supplier contributorily infringe) the combination patent when he replaces the worn-out fabric of the patented convertible top by buying it from someone other than the patentee?[1]

INTEREST OF THE UNITED STATES

The foregoing question raises an issue respecting the relative scope of the patentee's monopoly and the public's rights comparable to the issues passed upon in such cases as *Motion Picture Patents Co.* v. *Universal Film Co.*, 243 U.S. 502; *Carbice Corp.* v. *American Patents Corp.*, 283 U.S. 27; *Mercoid Corp.* v. *Mid-Continent Co.*, 320 U.S. 661; *International Salt Co.* v. *United States*, 332 U.S. 392. In these and other cases, this Court has held that the patentee's monopoly is restricted to exclusion of others from

[1] This is a restatement of the third question presented by the petition for certiorari (at p. 3). We express no views on the other questions presented by the petition.

manufacture, sale and use of the patented invention itself, and that it does not embrace monopolization of unpatented material used in, or necessary to the use of, the patented invention. It need hardly be stated that numerous enterprises, both in the automobile field and in many others, manufacture and sell unpatented replacement parts and materials suitable for use in devices and machines which, in their totality, are covered by combination patents. The scope of the patentee's rights in relation to the activities of such enterprises has been a recurring question and one of significant interest throughout the industrial economy, and, in order to present to the Court what it believes to be the interest of the public in this question, the United States submits this brief, *amicus curiae*.

Our view, elaborated below, is that the holder of a patented machine or combination exhausts his patent rights when he or his licensee sells the machine covered by his patent, and that neither the purchaser nor the purchaser's supplier infringes the patent by replacement of an unpatented element which has become unusable in ordinary course in advance of other components of the combination. This is so, we submit, irrespective of the frequency with which such replacements must be made and irrespective of whether the replacement is relatively expensive or deemed to involve a major or essential component.

ARGUMENT

I. The patent does not claim the fabric top as the invention, and consequently the grant confers no monopoly over the fabric itself

The fabric top is an unpatented element of respondent's combination patent,[2] which covers only the combination of certain components, one of which is "a flexible top material."[3] Inasmuch as the patent makes no claim to invention based on the shape or pattern of the fabric top material employed, it is immaterial whether the shape is such that it might have been patentable.[4] The claim made in the patent is the sole measure of the grant.[5]

Since, as observed, the patentee never claimed the fabric shape alone and the fabric is no more than an unpatented element of the invention which was claimed, the patent confers no monopoly grant over it, and the patentee dedicated to the public whatever invention, if any, lay in the separate elements of the combination

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[2] Claims 1–9 of the patent each specifically begin: "In a convertible automobile body, the combination of * * *." Claim 10, in which the word "combination" is omitted, equally claims only a combination. See R. 594–595.

[3] Among the other elements in the claims are the automobile metal body structure or tonneau, a folding bow structure, a sealing strip, and a wiping arm. *Ibid.*

[4] We note that if the shape possessed such novelty as to rise to the inventive level, respondent could have secured a patent monopoly on the fabric shape by claiming the fabric top shape alone, instead of claiming (as it did) the combination of various associated elements. *Special Equipment Co.* v. *Coe*, 324 U.S. 370, 377.

[5] *Graver Mfg. Co.* v. *Linde Co.*, 336 U.S. 271, 277; *Universal Oil Co.* v. *Globe Oil & Refining Co.*, 322 U.S. 471, 484; *Milcor Steel Co.* v. *Fuller Co.*, 316 U.S. 143, 145–146.

claims. See *Pennock* v. *Dialogue*, 2 Pet. 1, 16; *McClain* v. *Ortmayer*, 141 U.S. 419, 423–424. In *Mercoid* v. *Mid-Continent*, *supra*, this Court said: "The patent is for a combination only. Since none of the separate elements of the combination is claimed as the invention, none of them when dealt with separately is protected by the patent monopoly." 320 U.S. at 667.[6]

From this conclusion, *i.e.*, that the fabric part of the top is an unpatented component of the patented combination, it follows that petitioners' manufacture and sale of the fabric is not a direct infringement under 35 U.S.C. 271(a). *Cimiotti Unhairing Co.* v. *American Fur Co.*, 198 U.S. 399, 410; *Eames* v. *Godfrey*, 1 Wall. 78, 79; *Prouty* v. *Draper*, 16 Pet. 336, 341; *U.S. Industries, Inc.* v. *Otis Engineering Co.*, 254 F. 2d 198, 203 (C.A. 5).[7] It is true that petitioners know that the purchasers intend to use the fabrics for replacement purposes on automobile convertible tops which are covered by the claims of respondent's patent and that this might be deemed contributory

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[6] See also *Mercoid Corp.* v. *Minneapolis-Honeywell Co.*, 320 U.S. 680, 684: "The fact that an unpatented part of a combination patent may distinguish the invention does not draw to it the privileges of a patent. That may be done only in the manner provided by law. However worthy it may be, however essential to the patent, an unpatented part of a combination patent is no more entitled to monopolistic protection than any other unpatented device."

[7] Section 271(a) states:

"Except as otherwise provided in this title, whoever without authority makes, uses or sells any patented invention, within the United States during the term of the patent therefor, infringes the patent."

infringement under 35 U.S.C. 271(c)[1] *provided* such replacement by the purchasers is itself direct infringement under Section 271(a). However, since replacement of the fabric is not direct infringement, petitioners, as supplier of the replacement, cannot be guilty of contributory infringement. *RCA Mfg. Co. v. Andrea*, 79 F. 2d 626 (C.A. 2); *Bullock Elec. Co. v. Westinghouse Elec. Co.*, 129 Fed. 105 (C.A. 6). Mr. Justice Frankfurter stated in *Mercoid v. Mid-Continent*, "In a word, if there is no infringement of a patent there can be no contributory infringer" (320 U.S. at 677); and Mr. Justice Roberts also observed in that case that "if the purchaser and user could not be amerced as an infringer certainly one who sold to him * * * cannot be amerced for contributing to a non-existent infringement" (*id.* 674).[2]

Whatever changes in the law or inroads on the *Mercoid* doctrine were made by the passage of section 271(c), that section made no change in the obvious and fundamental precept that there can be no contributory infringement in the absence of direct in-

[1] Petitioners contend that the standards of 35 U.S.C. 271(c) are not met in this case, but for reasons set forth in the text we do not believe this question need be reached.

[2] Although these were dissenting opinions, there is nothing in the majority opinion remotely suggesting any disagreement with the proposition that there can be no contributory infringement in the absence of direct infringement.

fringement." Section 271(c), part of the Patent Code enacted in 1952, defines contributory infringement in terms of direct infringement—sale of a component of a patented machine or combination for use in an "infringement" of such patent. And Section 271(a) of the new Patent Code, which defines "infringement," left intact the entire body of case law on direct infringement. The reviser's note on this section specifically stated that it is "declaratory only." [11]

The crucial consideration, therefore, is whether the car owner infringes the combination patent when he replaces the worn-out fabric element of the patented convertible top of his car. We turn now to the question whether such replacement of a worn element of the combination by the car owner is infringing "reconstruction" or permissible "repair."

II. The monopoly conferred by the patent grant does not extend to what constitutes, under the facts here, repair or replacement of an unpatented component of a patented combination

The decisions of this Court, for the last forty years or more, have been unanimous in denying to the

[10] Section 271(c) declares:

"Whoever sells a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use *in an infringement of such patent*, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer." [Emphasis added.]

[11] "The prior statute had no section defining or dealing with what constitutes infringement of a patent," and section 271(a) was adopted "for completeness." Federico, *Commentary on the New Patent Act*, 35 U.S.C.A. preceding § 1, at p. 51.

patentee the right to control manufacture or sale of unpatented products or parts used in connection with a patented machine. Although the legal problems are primarily ones of substantive patent law, it has been recognized that they must be resolved in relation to the provisions and policy of the antitrust laws. In the leading case in this field, *Motion Picture Patents Co.* v. *Universal Film Co.*, 243 U.S. 502, this Court held (p. 517) that the monopoly of a patent does not extend to licensing it upon the condition that the licensee purchase from the patentee unpatented materials necessary to the operation of the licensed patent, since to permit the patentee to "derive its profit, not from the invention on which the law gives it a monopoly but from the unpatented supplies with which it is used," is "wholly without the scope of the patent monopoly".[12] The Court then proceeded to quote the provisions of Section 3 of the Clayton Act, 15 U.S.C. 14, which prohibits sale or lease of goods, "whether patented or unpatented," on the condition or agreement that the purchaser or lessee not use or deal in goods of a competitor of the seller or lessor, and declared that this enactment "must be accepted by us as a most persuasive expression

[12] For subsequent applications of the Court's holding, see *Carbice Corp.* v. *American Patents Corp.*, 283 U.S. 27; *Leitch Mfg. Co.* v. *Barber Co.*, 302 U.S. 458; *Morton Salt Co.* v. *G. S. Suppiger Co.*, 314 U.S. 488; *B. B. Chemical Co.* v. *Ellis*, 314 U.S. 495.

of the public policy of our country with respect to the question before us."[13] *Id.* at 517–518.

This Court's decisions specifically dealing with repair of patented machinery by replacement of an exhausted, worn-out, or broken component are of an earlier vintage, but they, too, evidence an indisposition to extend the patent monopoly beyond the terms of the grant. *Wilson* v. *Simpson*, 9 How. 109, the leading case in this Court dealing with the distinction between legitimate repair or replacement of parts of a patented machine and forbidden reconstruction, concerned a patented planing machine, consisting of a combination of cutting knives with a pressure roller. The purchaser of the machine was held to have the right to replace the knives, which normally wore out after 60 or 90 days of use. The Court said that, although there is no right to "rebuild" a patented combination, the machine "exists" notwithstanding the fact that destruction or impairment of one of its elements renders it inoperative; and that, accordingly, replacement of a worn-out essential part is permissible restoration of the machine to the original use for which it was bought. 9 How. at 123. The Court explained further that it is "the use of the whole" of the combination which a purchaser buys,

[13] Cf. *Carbice Corp.* v. *American Patents Corp.*, 283 U.S. 27, 34 n. 4; *Morton Salt Co.* v. *G. S. Suppiger Co.*, 314 U.S. 488, 494; *Mercoid Corp.* v. *Minneapolis-Honeywell Co.*, 320 U.S. 680, 684; *International Salt Co.* v. *United States*, 332 U.S. 392, 396. In *Minneapolis-Honeywell*, *supra*, the Court said: "The legality of any attempt to bring unpatented goods within the protection of the patent is measured by the anti-trust laws not by the patent law".

and that repair or replacement of a damaged or destroyed part is but an exercise of the right "to give duration to that which he owns, or has a right to use as a whole" (*ibid.*)."

If the grant of a combination patent confers upon the patentee power to exercise dominion over replacement of a worn-out, unpatented part of the combination—a replacement which is necessary if the patented machine or combination is to remain operative and perform the function for which it was purchased—the patentee would be given the same kind of partial monopoly over unpatented materials held *not* to be within the legitimate scope of the patent monopoly in ***Motion Picture Patents*** and ***Carbice.***

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[14] None of this Court's later decisions in this field added to the exposition appearing in *Wilson* v. *Simpson*, *supra*, and the opinion in that case has long been recognized as the Court's authoritative expression on the distinction between rebuilding or reconstruction, on the one hand, and repair on the other. *Morgan Envelope Co.* v. *Albany Paper Co.*, 152 U.S. 425, and *Heyer* v. *Duplicator Mfg. Co.*, 263 U.S. 100, held that there is no infringement when the purchaser or licensee of a patented machine or combination replaces an element of the combination which has only a temporary period of usefulness, so that replacement is necessary for continued utilization of the rest of the machine or combination. These cases, on their facts, clearly came within the decision in *Wilson* v. *Simpson*. *Cotton-Tie Co.* v. *Simmons*, 106 U.S. 89, the only other repair-reconstruction case decided by this Court since *Wilson*, found infringement by one who bought up, as scrap metal, belt-buckle-ties (used for baling cotton) after the iron straps had been chopped in half to unbind the bales, and who then reconnected the severed straps in order to resell the units for further use in baling cotton. The notice placed on the ties, "Licensed to use once only," was deemed of importance by the Court. Cf. *Henry* v. *A. B. Dick Co.*, 224 U.S. 1.

CONCLUSION

The judgment of the court of appeals should be reversed.

Respectfully submitted.

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